

ASSEMBLY BILL

No. 1162

Introduced by Assembly Member Frazier

February 22, 2013

An act to add Section 69505.6 to the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

AB 1162, as introduced, Frazier. Student financial aid: debit cards.

Existing law provides for the missions and functions of the private and public segments of postsecondary education in the state. Existing law establishes various student financial aid programs for students attending all segments of postsecondary education.

This bill would require the Board of Governors of the California Community Colleges and the Trustees of the California State University, and request the Regents of the University of California and the governing bodies of accredited private nonprofit and for-profit postsecondary educational institutions, to adopt policies for negotiating contracts between their postsecondary educational institutions and banks and other financial institutions to disburse a student's financial aid award and other refunds onto a debit card. The bill would require the policies to best serve the needs of the students, and would encourage the policies to include specified requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 69505.6 is added to the Education Code, to read:

69505.6. The Board of Governors of the California Community Colleges and the Trustees of the California State University shall, and the Regents of the University of California and the governing bodies of accredited private nonprofit and for-profit postsecondary educational institutions are requested to, adopt policies for negotiating contracts between their postsecondary educational institutions and banks and other financial institutions to disburse a student's financial aid award and other refunds onto a debit card. The policies shall best serve the needs of the students, and are encouraged to include all of the following requirements:

(a) Provide students a clear and unbiased choice of where to bank by ensuring that students can elect to receive their financial aid award and other refunds through their own bank account or on a check and that students not be subjected to paperwork that attempts to direct them to banking options favored by the bank or financial institution with which the institution is partnering.

(b) Require an adequate number of regularly replenished automated teller machines to be placed on a participating campus with which a student may use his or her debit card to access his or her financial aid award and other refunds.

(c) Prohibit the debit cards from imposing the following fees on students:

(1) Insufficient fund fees at automated teller machines or point of sale.

(2) Account balance inquiry fees.

(3) PIN-based transaction fees.

(4) Inactive account fees.

(5) Replacement card fees.

(6) Transfer or wire fees.

(7) Dispute fees.

(8) Account closure fees.

(d) Require all debit card fees to be prominently displayed on the partnering bank or financial institution's Internet Web site or information mailed to students.

(e) Prohibit the debit cards from being cobranded, which means including the logo of the postsecondary educational institution.

- 1 (f) Require the debit cards to include the same level of consumer
2 protections that are provided to automated teller machine customers
3 under the federal Electronic Fund Transfer Act (15 U.S.C. Sec.
4 1601 et seq.).
5 (g) Prohibit debit card contracts from including mandatory
6 arbitration clauses.

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